

State Of New Hampshire Monthly Revenue Focus

Department of Administrative Services

Commissioner Donald S. Hill



Monthly Revenue Summary

| | <u>FY 06</u> | <u>FY 05</u> | <u>Inc/(Dec)</u> |
|------------------------|-----------------|-----------------|------------------|
| Gen & Educ | \$ 107.9 | \$ 114.0 | \$ (6.1) |
| Highway | \$ 18.3 | \$ 18.0 | \$ 0.3 |
| Fish & Game | \$ 0.6 | \$ 0.3 | \$ 0.3 |

Current Month Analysis

| General & Education Funds | <i>FY06 Actuals</i> | <i>FY06 Plan</i> | <i>Actual vs. Plan</i> |
|--|-------------------------|----------------------|----------------------------|
| Business Profits Tax | \$ 1.4 | \$ 7.5 | \$ (6.1) |
| Business Enterprise Tax | 13.5 | 7.4 | 6.1 |
| Subtotal | 14.9 | 14.9 | - |
| Meals & Rooms Tax | 15.8 | 15.9 | (0.1) |
| Tobacco Tax | 11.5 | 11.5 | (0.0) |
| Liquor Sales and Distribution | 9.0 | 8.8 | 0.2 |
| Interest & Dividends Tax | 11.0 | 11.0 | - |
| Insurance Tax | 2.6 | 2.2 | 0.4 |
| Communications Tax | 5.7 | 5.9 | (0.2) |
| Real Estate Transfer Tax | 11.9 | 15.5 | (3.6) |
| Estate & Legacy Tax | 0.2 | 0.6 | (0.4) |
| Court Fines & Fees | 2.4 | 2.4 | - |
| Securities Revenue | 0.6 | 7.8 | (7.2) |
| Utility Tax | 0.5 | 0.5 | - |
| Board & Care Revenue | 1.5 | 0.8 | 0.7 |
| Beer Tax | 1.1 | 1.1 | - |
| Racing Revenue | 0.2 | 0.3 | (0.1) |
| Other | 5.3 | 6.6 | (1.3) |
| Transfers from Lottery/Pari-Mutuel | 8.3 | 6.2 | 2.1 |
| Tobacco Settlement | - | - | - |
| Utility Property Tax | 1.4 | - | 1.4 |
| State Property Tax | - | - | - |
| Subtotal | 103.9 | 112.0 | (8.1) |
| Net Medicaid Enhancement Rev | 0.1 | 0.1 | 0.0 |
| Recoveries | 3.9 | 1.4 | 2.5 |
| Subtotal | 107.9 | 113.5 | (5.6) |
| Other Medicaid Enhancement Rev to Fund Net Appropriations | - | - | - |
| Total | \$ 107.9 | \$ 113.5 | \$ (5.6) |

Unrestricted revenue from the General and Education Funds for January totaled \$107.9 million, which was below the plan by \$5.6 million and below prior year by \$6.1 million. Year to date revenue (YTD) totaled \$983.4 million, which was ahead of plan by \$38.2 million and above prior year by \$35.7 million.

Business Tax collections for January totaled \$14.9 million, on target with plan but \$7.2 million below prior year. Business taxes are below last January due to higher than expected refunds processed this year, coupled with \$7.0 million of additional audit revenue and estimated payments received during January of 2005. On a YTD basis, revenue from business taxes totaled \$255.9 million which was above plan by \$40.0 million (19%) and ahead of prior year by \$42.1 million (20%). The next major collection months are March when corporations file annual returns and April when non-corporate entities file their annual returns and all entities submit 1st quarter estimates. Approximately 35% of annual business taxes are collected during these two months. (See chart on next page).

The **Real Estate Transfer Tax (RET)** totaled \$11.9 million for the month, which was below plan by \$3.6 million and below prior year by \$0.9 million. YTD revenue from RET totaled \$105.7 million which was also below plan by \$3.4 million but above prior year by \$3.5 million. According to the Department of Revenue, the shortfall in January's collections is a combination of slower activity and one-time revenues received last January. As this was the first month that RET performed significantly below estimates, the Department will be closely monitoring market trends for signs of any continued weakness going forward.

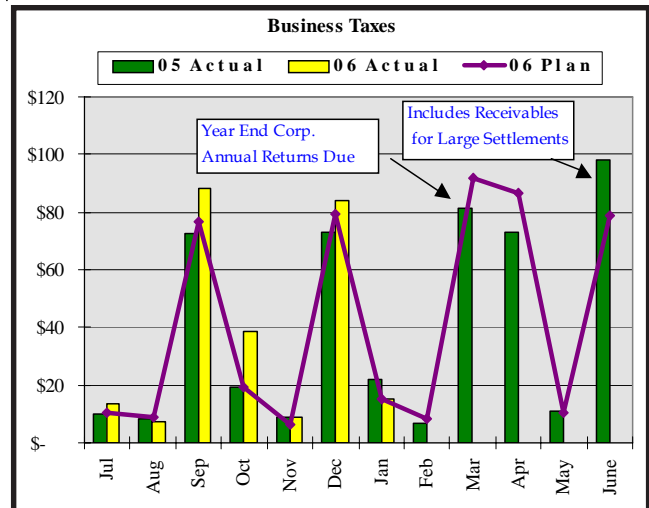
Securities Revenue for January represents annual agent license renewals, which came in \$7.2 million below plan as a result of timing issues. Due to an early January due date, significant revenue was received during the month of December, which totaled \$7.1 million over plan. On a YTD basis, collections are on target with plan.

Business Tax Highlights

The table below highlights the key months during FY06, where business taxes were ahead of plan.

| Month | Amt over Plan (in Millions) | Major Comments |
|-----------|--------------------------------|----------------------------------|
| September | 11.8 | 3rd Quarter Estimates |
| October | 19.0 | Repatriation of Foreign Earnings |
| December | 5.0 | Audit Settlements |
| | <u>\$ 35.8</u> | |

Note: In accordance with accounting standards, approximately \$33.5 million of business tax audit settlements, received during July and August where recognized in FY05.

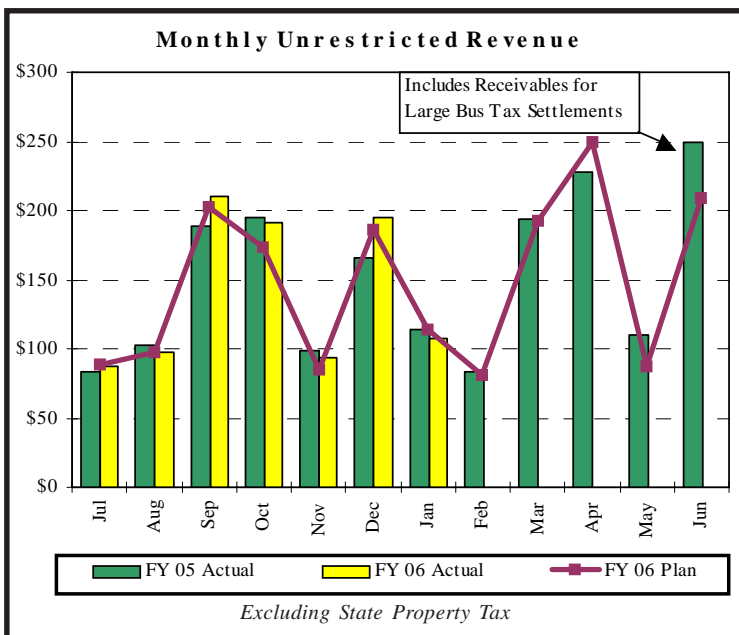
**General & Education Funds Comparison to FY 05**

| General & Education Funds | Monthly | | | Year-to-Date | | | |
|--|-----------------|-----------------|-----------|-----------------|-----------------|-----------|----------------|
| | FY06 Actuals | FY05 Actuals | Inc/(Dec) | FY06 Actuals | FY05 Actuals | Inc/(Dec) | % Inc/(Dec) |
| Business Profits Tax | \$ 1.4 | \$ 11.8 | \$ (10.4) | \$ 105.7 | \$ 86.0 | \$ 19.7 | 22.9% |
| Business Enterprise Tax | 13.5 | 10.3 | 3.2 | 150.2 | 127.8 | 22.4 | 17.5% |
| Subtotal | 14.9 | 22.1 | (7.2) | 255.9 | 213.8 | 42.1 | 19.7% |
| Meals & Rooms Tax | 15.8 | 14.9 | 0.9 | 127.5 | 122.1 | 5.4 | 4.4% |
| Tobacco Tax | 11.5 | 8.0 | 3.5 | 88.8 | 59.9 | 28.9 | 48.2% |
| Liquor Sales and Distribution | 9.0 | 8.0 | 1.0 | 74.5 | 70.5 | 4.0 | 5.7% |
| Interest & Dividends Tax | 11.0 | 9.3 | 1.7 | 29.2 | 25.1 | 4.1 | 16.3% |
| Insurance Tax | 2.6 | 2.2 | 0.4 | 44.9 | 43.2 | 1.7 | 3.9% |
| Communications Tax | 5.7 | 5.7 | (0.0) | 41.4 | 40.0 | 1.4 | 3.5% |
| Real Estate Transfer Tax | 11.9 | 12.8 | (0.9) | 105.7 | 102.2 | 3.5 | 3.4% |
| Estate & Legacy Tax | 0.2 | 0.4 | (0.2) | 4.1 | 7.9 | (3.8) | -48.1% |
| Court Fines & Fees | 2.4 | 2.0 | 0.4 | 16.7 | 16.0 | 0.7 | 4.4% |
| Securities Revenue | 0.6 | 7.2 | (6.6) | 10.3 | 9.6 | 0.7 | 7.3% |
| Utility Tax | 0.5 | 0.5 | - | 3.7 | 3.6 | 0.1 | 2.8% |
| Board & Care Revenue | 1.5 | 0.9 | 0.6 | 7.8 | 6.1 | 1.7 | 27.9% |
| Beer Tax | 1.1 | 1.1 | - | 8.0 | 7.8 | 0.2 | 2.6% |
| Racing Revenue | 0.2 | 0.3 | (0.1) | 1.6 | 2.1 | (0.5) | -23.8% |
| Other | 5.3 | 8.1 | (2.8) | 27.9 | 28.5 | (0.6) | -2.1% |
| Transfers from Lottery/Pari-Mutuel | 8.3 | 5.4 | 2.9 | 37.7 | 36.4 | 1.3 | 3.6% |
| Tobacco Settlement | - | - | - | 0.5 | 0.5 | - | 0.0% |
| Utility Property Tax | 1.4 | 1.2 | 0.2 | 10.5 | 11.3 | (0.8) | -7.1% |
| State Property Tax | - | - | - | - | - | - | - |
| Subtotal | 103.9 | 110.1 | (6.2) | 896.7 | 806.6 | 90.1 | 11.2% |
| Net Medicaid Enhancement Rev | 0.1 | 0.3 | (0.2) | 73.2 | 115.9 | (42.7) | -36.8% |
| Recoveries | 3.9 | 3.6 | 0.3 | 13.5 | 10.4 | 3.1 | 29.8% |
| Subtotal | 107.9 | 114.0 | (6.1) | 983.4 | 932.9 | 50.5 | 5.4% |
| Other Medicaid Enhancement Rev to Fund Net Appropriations | - | - | - | - | 14.8 | (14.8) | -100.0% |
| Total | \$ 107.9 | \$ 114.0 | \$ (6.1) | \$ 983.4 | \$ 947.7 | \$ 35.7 | 3.8% |

Year-to-Date Analysis

| General & Education Funds | General | | Education | | Total | | |
|---|----------|----------|-----------|----------|----------|----------|-----------------|
| | Actual | Plan | Actual | Plan | Actual | Plan | Actual vs. Plan |
| Business Profits Tax | \$ 81.0 | \$ 86.5 | \$ 24.7 | \$ 24.7 | \$ 105.7 | \$ 111.2 | \$ (5.5) |
| Business Enterprise Tax | 79.8 | 34.3 | 70.4 | 70.4 | 150.2 | 104.7 | 45.5 |
| Subtotal (1) | 160.8 | 120.8 | 95.1 | 95.1 | 255.9 | 215.9 | 40.0 |
| Meals & Rooms Tax | 122.7 | 125.5 | 4.8 | 4.7 | 127.5 | 130.2 | (2.7) |
| Tobacco Tax | 42.4 | 44.7 | 46.4 | 43.4 | 88.8 | 88.1 | 0.7 |
| Liquor Sales and Distribution | 74.5 | 75.4 | - | - | 74.5 | 75.4 | (0.9) |
| Interest & Dividends Tax | 29.2 | 29.0 | - | - | 29.2 | 29.0 | 0.2 |
| Insurance Tax | 44.9 | 43.9 | - | - | 44.9 | 43.9 | 1.0 |
| Communications Tax | 41.4 | 41.4 | - | - | 41.4 | 41.4 | - |
| Real Estate Transfer Tax | 70.7 | 72.7 | 35.0 | 36.4 | 105.7 | 109.1 | (3.4) |
| Estate & Legacy Tax | 4.1 | 4.2 | - | - | 4.1 | 4.2 | (0.1) |
| Court Fines & Fees | 16.7 | 17.4 | - | - | 16.7 | 17.4 | (0.7) |
| Securities Revenue | 10.3 | 10.3 | - | - | 10.3 | 10.3 | - |
| Utility Tax | 3.7 | 3.8 | - | - | 3.7 | 3.8 | (0.1) |
| Board & Care Revenue | 7.8 | 6.7 | - | - | 7.8 | 6.7 | 1.1 |
| Beer Tax | 8.0 | 7.9 | - | - | 8.0 | 7.9 | 0.1 |
| Racing Revenue | 1.6 | 2.1 | - | - | 1.6 | 2.1 | (0.5) |
| Other | 27.9 | 28.6 | - | - | 27.9 | 28.6 | (0.7) |
| Transfers from Lottery/Pari-Mutuel | - | - | 37.7 | 37.2 | 37.7 | 37.2 | 0.5 |
| Tobacco Settlement | - | - | 0.5 | - | 0.5 | - | 0.5 |
| Utility Property Tax | - | - | 10.5 | 11.4 | 10.5 | 11.4 | (0.9) |
| State Property Tax | - | - | - | - | - | - | - |
| Subtotal | 666.7 | 634.4 | 230.0 | 228.2 | 896.7 | 862.6 | 34.1 |
| Net Medicaid Enhancement Rev | 73.2 | 72.5 | - | - | 73.2 | 72.5 | 0.7 |
| Recoveries | 13.5 | 10.1 | - | - | 13.5 | 10.1 | 3.4 |
| Subtotal | 753.4 | 717.0 | 230.0 | 228.2 | 983.4 | 945.2 | 38.2 |
| Other Medicaid Enhancement Rev to Fund Net Appropriations | - | - | - | - | - | - | - |
| Total | \$ 753.4 | \$ 717.0 | \$ 230.0 | \$ 228.2 | \$ 983.4 | \$ 945.2 | \$ 38.2 |

(1) Excludes Business Tax Cash Settlements of approximately \$33.5 million. These were recorded as a receivable and recognized in FY 2005.

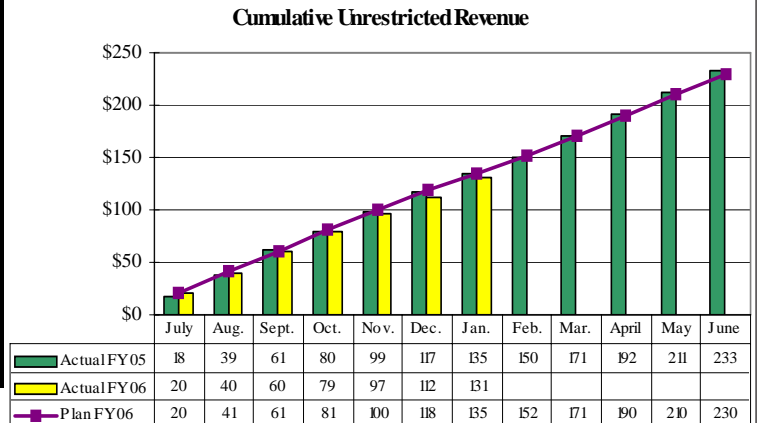


| Education Trust Fund Statement of Activity - FY 2006 July 1, 2005 to January 31, 2006 | |
|---|-------------|
| Description | In Millions |
| Beginning Surplus (unaudited) | \$ - |
| Unrestricted Revenue - See above | 230.0 |
| Transfers from General Fund Appropriations (net) | - |
| Expenditures | |
| Education Grants & Adm Costs | (336.3) |
| Ending Surplus (Deficit) | \$ (106.3) |

Year-to-Date Analysis

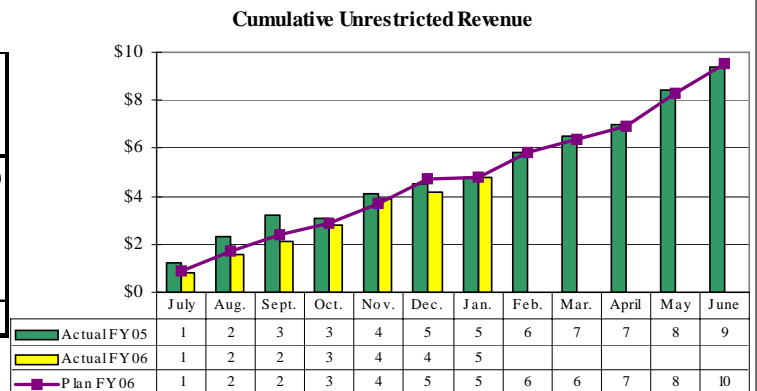
Highway Fund

| Revenue Category | FY 06 Actuals | FY 06 Plan | Actual vs. Plan |
|---------------------------|-----------------|-----------------|-----------------|
| Gasoline Road Toll | \$ 77.9 | \$ 78.3 | \$ (0.4) |
| Miscellaneous | 3.7 | 6.1 | (2.4) |
| Motor Vehicle Fees | | | |
| MV Registrations | 39.0 | 38.3 | 0.7 |
| MV Operators | 2.6 | 4.0 | (1.4) |
| Inspection Station Fees | 2.1 | 2.3 | (0.2) |
| MV Miscellaneous Fees | 2.5 | 2.3 | 0.2 |
| Certificate of Title | 2.7 | 3.2 | (0.5) |
| Total Fees | 48.9 | 50.1 | (1.2) |
| Total | \$ 130.5 | \$ 134.5 | \$ (4.0) |



Fish & Game Fund

| Revenue Category | FY 06 Actuals | FY 06 Plan | Actual vs. Plan |
|-----------------------------------|---------------|---------------|-----------------|
| Fish and Game Licenses | \$ 3.9 | \$ 4.2 | \$ (0.3) |
| Fines and Penalties | 0.1 | 0.1 | - |
| Miscellaneous Sales | 0.2 | 0.2 | - |
| Federal Recoveries Indirect Costs | 0.6 | 0.3 | 0.3 |
| Total | \$ 4.8 | \$ 4.8 | \$ 0.0 |



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